GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:372
ANSWERED ON:03.02.2017
Forex Scam in Banks
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Will the Minister of FINANCE be pleased to state:

(a) whether an alleged forex scam of Rs. 6,000 crores has been detected in Bank of Baroda and if so, the details thereof;

(b) whether the Government has initiated any inquiry into this matter;

(c) if so, the details thereof and the action proposed to be taken against those responsible; and

(d) the steps being taken to strengthen the banking system to check recurrence of such cases?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(a) to (d): In September 2015, Bank of Baroda (BOB) had reported major irregularities in Advance import remittances amounting to approximately Rs.6000 crore involving over 8500 transactions in its Ashok Vihar Branch, New Delhi to Central Bureau of Investigation (CBI) and Enforcement Directorate (ED), Delhi and Reserve Bank of India (RBI). However, in their Internal Investigation Report dated October 26, 2015, BOB has revised the numbers and restated that 7718 remittance transactions, amounting to approximately Rs. 4,367.00 crore (USD 716 million), were carried out in Ashok Vihar Branch.
On 14.12.2105, CBI has filed a charge-sheet against the then AGM and the then Forex Officer of BoB.
RBI has informed that the modus operandi involved various irregularities in respect of foreign remittance made by way of Advance Remittance for Imports, by the customers from newly opened accounts, without following extant guidelines in respect of the remittances.
The Reserve Bank undertook a scrutiny on advance import remittances in 21 banks in October/November 2015. The findings revealed weaknesses in the internal control systems, management oversight and violation of certain regulatory guidelines issued by the Reserve Bank.

RBI vide circular dated October 28, 2015, issued to all scheduled commercial banks, highlighted the irregularities observed. All banks were advised by RBI to look into these aspects and conduct a thorough Internal Audit and place the report before Audit Committee of the Board of respective banks and to forward the findings to RBI so that further corrective action as required may be taken in this regard.
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